

Internal Revenue Service, Treasury

§ 1.469-0

- (8) Dispositions of property used in multiple activities.
 - (i) [Reserved]
 - (j) Spouses filing joint returns.
 - (1) In general.
 - (2) Exceptions of treatment as one taxpayer.
 - (i) Identification of disallowed deductions and credits.
 - (ii) Treatment of deductions disallowed under sections 704(d), 1366(d) and 465.
 - (iii) Treatment of losses from working interests.
 - (3) Joint return no longer filed.
 - (4) Participation of spouses.
 - (k) Former passive activities and changes in status of corporations. [Reserved]

§ 1.469-2 Passive activity loss.

- (a)-(c)(2)(ii) [Reserved]
- (iii) Disposition of substantially appreciated property formerly used in a nonpassive activity.
 - (A) In general.
 - (B) Date of disposition.
 - (C) Substantially appreciated property.
 - (D) Investment property.
 - (E) Coordination with § 1.469-2T(c)(2)(ii).
 - (F) Coordination with section 163(d).
 - (G) Examples.
 - (iv) Taxable acquisitions.
 - (v) Property held for sale to customers.
 - (A) Sale incidental to another activity.
 - (f) Applicability.
 - (i) In general.
 - (ii) Principal purpose.
 - (2) Dealing activity not taken into account.
 - (B) Use in a nondealing activity incidental to sale.
 - (C) Examples.
 - (c)(3)-(c)(5) [Reserved]
 - (6) Gross income from certain oil or gas properties.
 - (i) In general.
 - (ii) Gross and net passive income from the property.
 - (iii) Property.
 - (iv) Examples 1 and 2.
 - (c)(6)(iv) Example 3-(c)(7)(iii) [Reserved]
 - (c)(7)(iv) through (vi) (no paragraph headings)
 - (d)(1)-(d)(2)(viii) [Reserved]
 - (d)(2)(ix) through (d)(2)(xii) (no paragraph headings)
 - (d)(3)-(d)(5)(ii) [Reserved]
 - (d)(5)(iii)(A) Applicability of rules in § 1.469-2T(c)(2).
 - (d)(5)(iii)(B)-(d)(6)(v)(D) [Reserved]
 - (d)(6)(v)(E) (no paragraph heading)
 - (d)(6)(v)(F)-(d)(7) [Reserved]
 - (8) Taxable year in which item arises.
 - (e)(1)-(e)(2)(i) [Reserved]
 - (ii) Section 707(c).
 - (iii) Payments in liquidation of a partner's interest in partnership property.
 - (A) In general.

- (B) Payments in liquidation of a partner's interest in unrealized receivables and goodwill under section 736(a).
- (e)(3)(i)-(iii)(A) [Reserved]
- (e)(3)(iii)(B) (no paragraph heading)
- (e)(3)(iii)(C)-(f)(4) [Reserved]
- (5) Net income from certain property rented incidental to development activity.
 - (i) In general.
 - (ii) Commencement of use.
 - (iii) Services performed for the purpose of enhancing the value of property.
 - (iv) Examples.
 - (6) Property rented to a nonpassive activity.
 - (f)(7)-(f)(9)(ii) [Reserved]
 - (f)(9)(iii) through (f)(9)(iv) (no paragraph heading).
 - (10) Coordination with section 163(d).
 - (f)(11) [Reserved]

§ 1.469-2T Passive activity loss (temporary).

- (a) Scope of this section.
- (b) Definition of passive activity loss.
 - (1) In general.
 - (2) Cross reference.
 - (c) Passive activity group income.
 - (1) In general.
 - (2) Treatment of gain from disposition of an interest in an activity or an interest in property used in an activity.
 - (i) In general.
 - (A) Treatment of gain.
 - (B) Dispositions of partnership interest and S corporation stock.
 - (C) Interest in property.
 - (D) Examples.
 - (ii) Disposition of property used in more than one activity in 12-month period preceding disposition.
 - (iii) Disposition of substantially appreciated property used in nonpassive activity. [Reserved]
 - (A) In general. [Reserved]
 - (B) Date of disposition. [Reserved]
 - (C) Substantially appreciated property. [Reserved]
 - (D) Investment property. [Reserved]
 - (E) Coordination with paragraph (c)(2)(ii) of this section. [Reserved]
 - (F) Coordination with section 163(d). [Reserved]
 - (G) Examples. [Reserved]
 - (iv) Taxable acquisitions. [Reserved]
 - (v) Property held for sale to customers. [Reserved]
 - (A) Sale incidental to another activity. [Reserved]
 - (f) Applicability. [Reserved]
 - (i) In general. [Reserved]
 - (ii) Principal purpose. [Reserved]
 - (2) Dealing activity not taken into account. [Reserved]
 - (B) Use in a nondealing activity incidental to sale. [Reserved]
 - (C) Examples. [Reserved]

(3) Items of portfolio income specifically excluded.

- (i) In general.
- (ii) Gross income derived in the ordinary course of a trade or business.
- (iii) Special rules.
- (A) Income from property held for investment by dealer.
- (B) Royalties derived in the ordinary course of the trade or business of licensing intangible property.
- (i) In general.
- (2) Substantial services or costs.
- (i) In general.
- (ii) Exception.
- (iii) Expenditures taken into account.
- (3) Passthrough entities.
- (4) Cross reference.
- (C) Mineral production payments.
- (iv) Examples.
- (4) Items of personal service income specifically excluded.
- (i) In general.
- (ii) Example.
- (5) Income from section 481 adjustments.
- (i) In general.
- (ii) Positive section 481 adjustments.
- (iii) Ratable portion.
- (6) Gross income from certain oil or gas properties. [Reserved]
- (i) In general. [Reserved]
- (ii) Gross and net passive income from the properties. [Reserved]
- (iii) Property. [Reserved]
- (iv) Examples.
- (7) Other items specifically excluded.
- (d) Passive activity deductions.
- (1) In general.
- (2) Exceptions.
- (3) Interest expense.
- (4) Clearly and directly allocable expenses.
- (5) Treatment of loss from disposition.
- (i) In general.
- (ii) Disposition of property used in more than one activity in 12-month period preceding disposition.
- (iii) Other applicable rules.
- (A) Applicability or rules in paragraph (c)(2).
- (B) Dispositions of partnership interest and S corporation stock.
- (6) Coordination with other limitations on deductions that apply before section 469.
- (i) In general.
- (ii) Proration of deductions disallowed under basis limitations.
- (A) Deductions disallowed under section 704(d).
- (B) Deductions disallowed under section 1366(d).
- (iii) Proration of deductions disallowed under at-risk limitations.
- (iv) Coordination of basis and at-risk limitations.
- (v) Separately identified items of deduction and loss.

(7) Deductions from section 481 adjustment.

- (i) In general.
- (ii) Negative section 481 adjustment.
- (iii) Ratable portion.
- (8) Taxable year in which item arises.
- (e) Special rules for partners and S corporation shareholders.
- (1) In general.
- (2) Payments under sections 707(a), 707(c), and 736(b).
- (i) Section 707(a).
- (ii) Section 707(c).
- (iii) Payments in liquidation of a partner's interest in partnership property.
- (A) In general.
- (B) Payments in liquidation of a partner's interest of a partnership property.
- (3) Sale or exchange of interest in pass-through entity.
- (i) Application of this paragraph (e)(3).
- (ii) General rule.
- (A) Allocation among activities.
- (B) Ratable portions.
- (1) Disposition on which gain is recognized.
- (2) Disposition on which loss is recognized.
- (C) Default rule.
- (D) Special rules.
- (f) Applicable valuation date.
- (i) In general.
- (ii) Exception.
- (2) Basis adjustment.
- (3) Tiered passthrough entities.
- (E) Meaning of certain terms.
- (iii) Treatment of gain allocated to certain passive activities as not from a passive activity.
- (iv) Dispositions occurring in taxable years beginning before February 19, 1988.
- (A) In general.
- (B) Exceptions.
- (v) Treatment of portfolio assets.
- (vi) Definitions.
- (vii) Examples.
- (f) Recharacterization of passive income in certain situations.
- (1) In general.
- (2) Special rule for significant participation.
- (i) In general.
- (ii) Significant participation passive activity.
- (iii) Example.
- (3) Rental of nondepreciable property.
- (4) Net interest income from passive equity-financed lending activity.
- (i) In general.
- (ii) Equity-financed lending activity.
- (A) In general.
- (B) Certain liabilities not taken into account.
- (iii) Equity-financed interest income.
- (iv) Net interest income.
- (v) Interest-bearing assets.
- (vi) Liabilities incurred in the activity.
- (vii) Average outstanding balance.
- (viii) Example.